

# ELLIS:LAWHORNE

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February 8, 2005

## **VIA ELECTRONIC AND FIRST CLASS MAIL SERVICE**

The Honorable Charles L.A. Terreni  
**Executive Director**  
**SC Public Service Commission**  
P.O. Drawer 11649  
Columbia, SC 29211

RE: Application of American Broadband, Inc. for a Certificate of Public Convenience and Necessity to Provide Intraexchange and Interexchange Private Line Services and Access Services as a Competitive Access Provider Within the State of South Carolina  
***Docket No. 2004-343-C, Our File No. 970-10280***

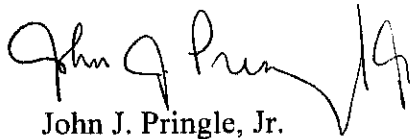
Dear Mr. Terreni:

Enclosed is the original and twenty-five (25) copies of the **Testimony of Paul E. Bullington** filed on behalf of American Broadband, Inc. in the above-referenced docket.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,

  
John J. Pringle, Jr.

JJP/cr

cc: Office of Regulatory Staff [via electronic and first-class mail service]  
Mr. Paul E. Bullington [via first-class mail service]  
Ms. Nanci Charpentier [via first-class mail service]

Enclosures

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**BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2004-343-C**

In the Matter of the Application of American Broadband, Inc. for a Certificate of Public Convenience and Necessity to Provide Intraexchange and Interexchange Private Line Services and Access Services as a Competitive Access Provider within the State of South Carolina and for Flexible Rate Structure for Local Exchange Service Offerings First Approved in Docket No. 97-467-C and for Alternative Regulation First Approved in Docket No. 95-661-C
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**PRE-FILED DIRECT TESTIMONY OF**

**PAUL E. BULLINGTON**

**OF BEHALF OF AMERICAN BROADBAND, INC.**

1     **Q.     Please state your name and business address.**

2     A.     My name is Paul E. Bullington. My business address is 618 Azalea Road, Mobile, AL 36691.

3

4     **Q.     By whom are you employed and in what capacity?**

5     A.     I am the Chief Financial Officer of American Broadband, Inc. ("ABI" or the "Company").

6

7     **Q.     Please give a brief description of your background and experience.**

8     A.     I have full responsibility for managing all aspects of the Company's financial activities, including  
9            raising investment capital, financial planning and reporting, management of company accounting  
10           functions, tax planning and oversight, capital structure strategy and planning, and managing banking  
11           relationships. I recently helped the Company close on its third major round of funding.

12                In addition to my financial background and experience, I have extensive operational  
13            experience in the telecommunications industry, having served as VP of Corporate Strategy and

1 Finance for Southern Light, LLC, a facilities-based telecommunications provider in Alabama since  
2 March of 2001.

3 Previous to my joining Southern Light, I was a Senior Manager at Accenture's (formerly  
4 Anderson Consulting) Strategic Services Practice. At Accenture, I worked with a number of clients,  
5 ranging from start-up ventures to Fortune 100 companies, on their most critical strategic issues, such  
6 as corporate strategic plans, new business unit launches, pricing and marketing strategies, and  
7 acquisition evaluations. In this position, I honed a number of critical business skills, including  
8 managing teams, financial modeling, competitive analysis, structured problem solving, and business  
9 model development.

10 I have also worked as an analyst for Eli Lilly & Co. in their Global Marketing Division in  
11 South Carolina, and as a sales manager at Royal Cup Coffee in Alabama.

12 I hold an M.B.A. in finance and strategy from the University of Chicago, Graduate School of  
13 Business, and a B.S. in both Economics and International Studies from Birmingham-Southern College  
14 in Birmingham, Alabama.

15  
16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to present evidence describing the technical, managerial and financial  
18 fitness of ABI to provide local exchange and interexchange telecommunications services in South  
19 Carolina, including competitive access services. This testimony will also describe the services  
20 proposed by ABI and the proposed tariff structure. Finally, the purpose of my testimony is to show  
21 that the public interest will be served by approval of the application of ABI for a certificate of public  
22 convenience and necessity.

1    **Q.     Has ABI registered to do business in South Carolina?**

2    A.     Yes. ABI received authority as a foreign corporation to transact business in South Carolina on  
3           November 15, 2004. A copy of the Certificate of Authorization issued by the South Carolina  
4           Secretary of State was attached to the Application as part of Exhibit A.

5  
6    **Q.     Please explain the Company's corporate structure.**

7    A.     ABI is incorporated under the laws of the State of Alabama, as demonstrated by documents included  
8           as part of Exhibit A.

9  
10   **Q.     Please describe the services ABI proposes to offer.**

11   A.     ABI will provide private line local exchange and interexchange telecommunications services, as well  
12           as competitive access services via facilities either leased or purchased from incumbent local exchange  
13           carriers ("ILECs"), competitive local exchange carriers ("CLECs") and other access providers with  
14           spare capacity. Service is provided primarily to business customers. Service is provided twenty-four  
15           (24) hours per day, seven (7) days a week. ABI intends solely to offer private line, non-switched, non-  
16           dialtone services that support the transmission of large amounts of data.

17  
18   **Q.     Will ABI own any network switches or transmission facilities used in routing calls?**

19   A.     Yes. ABI intends to own and operate optical SONET equipment, such as the Nortel Optera Metro or  
20           the Cisco Systems 15454 line of Optical Switching Equipment. The Company will operate this  
21           equipment over fiber networks to be leased from other providers, allowing us to place switching  
22           equipment operating at a core speed of OC-48 (2.5 Gb/S) with a wide variety of tributaries available  
23           off of it. The Company does not intend to own or operate any voice switching equipment with call  
24           routing capabilities.

1    **Q.     How will ABI bill for its services?**

2    A.     The Company will bill directly for its point-to-point private line services. Per Commission Rule 103-  
3           612, ABI will file a copy of its bill form with the Commission.

4  
5    **Q.     How are trouble reports handled?**

6    A.     ABI utilizes a 24-hour customer service hotline at its Network Operations Center ("NOC"). It has a  
7           24-hour toll-free number, (877) 276-7731, that is available to receive reports on all types of network  
8           problems and dispatch the proper response team. Our response teams are equipped to handle all types  
9           of network issues including, but not limited to fiber cuts, downed poles, power outages, splice failures,  
10          and customer circuits. The customer service number will be printed on the customers' billing  
11          statements.

12  
13   **Q.     How are billing errors and complaints handled?**

14   A.     In addition to calling the company's toll-free number, Customers may also contact the Company via  
15          email at ABI's headquarters location, or via email at [customerservice@american-bb.com](mailto:customerservice@american-bb.com)

16  
17   **Q.     Describe the proposed ABI South Carolina tariff.**

18   A.     ABI has included a proposed tariff that contains the rules, regulations and rates for ABI's competitive  
19          access and private line local exchange and interexchange services.

20  
21   **Q.     Where is ABI currently certificated?**

22   A.     ABI is currently certificated in Indiana as a CLEC and in Florida as an Alternative Access Vendor.  
23          ABI has not been denied certification from any state utility commission nor has it had a certificate  
24          revoked in any state.

1   **Q.     Which carriers will serve as the Company's underlying carriers?**

2   A:     The Company will use a variety of ILECs and CLECs as its underlying carriers for local exchange  
3           services, including BellSouth Telecommunications, Inc. ("BellSouth"). The Company will resell  
4           the interexchange services of carriers that have been properly certified by this Commission.  
5

6   **Q.     Describe ABI's financial ability to operate as a telecommunications carrier.**

7   A.     ABI is financially qualified to provide the local exchange and intrastate, interexchange  
8           telecommunications for which authority is requested. Financial Statements of ABI dated September  
9           20, 2004 were attached to the Application as Exhibit C.  
10

11   **Q.     Do you believe ABI is capable of delivering its proposed services in South Carolina?**

12   A.     Yes, in addition to having sufficient financial resources, the senior management team of ABI has a  
13           varied and detailed background in telecommunications. Resumes of key personnel were attached to  
14           the Application as Exhibit D. ABI's management team has deep technical experience in designing,  
15           selling, delivering and billing for telecommunications services ranging from T-1 to OC-192 and  
16           Gigabit Ethernet. ABI's team's vast experience in designing and delivering telecommunications  
17           services and in working with ILECs and IXC's to exchange and resell capacity, will provide ABI with  
18           the technical capabilities to offer these services on a resale basis in South Carolina. This management  
19           team has currently operates fiber optic networks, with circuits ranging from DS-1 to OC-48.  
20           Additionally, the technical employees of ABI possess considerable experience in the technical aspects  
21           of the telecommunications industry and maintain some of the highest technical certification levels in  
22           the industry.  
23

1    **Q:     Where in South Carolina does ABI intend to offer its services and how will those services be**  
2       **offered?**

3    A:     ABI intends to offer local telecommunications services throughout the BellSouth serving area  
4       primarily to business customers.

5  
6    **Q:     Does the Company have offices in South Carolina?**

7    A:     No. The Company does not intend to have offices in South Carolina. Accordingly, the Company  
8       requests, pursuant to Commission Rule 103-610, that the Commission authorize the Company to keep  
9       its books and records at its offices in Alabama. Upon request, the Company will provide such books  
10      and records to the Commission and the Office of Regulatory Staff on an expedited basis and at the  
11      Company's expense.

12  
13   **Q:     Under what system does the Company keep its books and records?**

14   A:     ABI currently maintains its books and records in conformance with Generally Accepted Accounting  
15      Principles ("GAAP"). Accordingly, ABI requests that the Commission waive any requirement that  
16      ABI keep its books and records in accordance with the Uniform System of Accounts ("USOA"). ABI  
17      submits that its utilization of GAAP will provide the Commission with a reliable method to evaluate  
18      the Company's operations.

19  
20   **Q:     Does the Company publish telephone directories?**

21   A:     No. ABI will make arrangements with the ILECs and/or their directory publishing affiliates whereby  
22      the Company's customers will be included in these published directories. Accordingly, ABI requests  
23      that the Commission grant a waiver of Commission Rule 103-631 in this case.

1    **Q:     What regulatory treatment is ABI seeking for its local exchange services?**

2    A:     ABI requests that the Commission allow the Company to employ a flexible local exchange rate  
3           structure first authorized by Order No. 98-165 in Docket No. 97-467-C. Specifically, ABI requests  
4           that the Commission: a) adopt for its local exchange services a competitive rate structure incorporating  
5           maximum rate levels with the flexibility for rate adjustment below the maximum rate levels; and b)  
6           presume that ABI's tariff filings for local exchange services be valid upon filing, subject to the  
7           Commission's authority, within thirty (30) days, to institute an investigation of such filings. At the  
8           discretion of the Commission such filings may be suspended pending further order of the Commission  
9           and any such filings may be subject to the same monitoring process as the Commission applies to  
10          other, similarly situated carriers.

11  
12   **Q:     What regulatory treatment is ABI seeking for its interexchange services?**

13   A:     Applicant requests that its business service offerings be regulated pursuant to the procedures  
14          described and set forth in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C, as modified by  
15          Order No. 2001-997 in Docket No. 2000-407-C. Specifically, Applicant requests that the  
16          Commission regulate its business services in the same manner as the Commission regulates those  
17          of AT&T Communications of the Southern States, Inc. ("AT&T"). Further, Applicant requests  
18          that the Commission: a) Remove the maximum rate tariff requirements for Applicant's business  
19          services and future private line, and customer network-type offerings; b) Presume that Applicant's  
20          tariff filings for these services be valid upon filing. However, if the Commission institutes an  
21          investigation of a particular filing within seven (7) days, the tariff filing will be suspended until  
22          further order of the Commission; and c) Grant Applicant the same treatment as AT&T in  
23          connection with any future relaxation of the Commission's reporting requirements.

24



1    **Q.     How will South Carolina consumers benefit from ABI's services?**

2    A.     Granting ABI's application will introduce a telecommunications service provider committed to  
3           providing high quality, innovative, and technologically advanced services that will further increase  
4           telecommunications competition within the State of South Carolina. ABI's service offerings will  
5           increase consumer choice, improve the quality and efficiency in telecommunications services and will  
6           likely lead to the reduction of consumer costs, as well as stimulate development of additional services  
7           by providing competitive incentives to other providers. Thus, granting ABI's application is in the  
8           public interest.

9  
10   **Q:     Will the Company file all applicable reports as required by the Commission?**

11   A:     Yes. The Company is aware of the Commission's requirements that all telecommunications carriers  
12           file a report on South Carolina operations, a gross receipts report, and a universal service contribution  
13           report on an annual basis.

14

15   **Q.     Does this conclude your testimony?**

16   A.     Yes.